



Kentucky Retirement Systems

Appendix B: Addendum to the Statement of Investment Policy Insurance Fund – Asset Allocation / Benchmark Composite Effective July 12th, 2017

This addendum to the investment policy is issued by the Board of Trustees of Kentucky Retirement Systems (Systems) in connection with investing the insurance funds of the Kentucky Employees Retirement System, the County Employees Retirement System and the State Police Retirement System. This document supersedes all prior documents entitled Addendum to the Statement of Investment Policy.

I. Asset Allocation with Benchmarks

KRS Insurance Fund - Asset Allocation							
Asset Class	Benchmark	Target					Allowable Range (+/- Target)
		KERS	KERS Hazardous	CERS	CERS Haz	SPRS	
Assumed Rate of Return		6.25%	6.25%	6.25%	6.25%	6.25%	
US Equity	Russell 3000	17.5%	17.5%	17.5%	17.5%	17.5%	2.5%
Non US Equity	MSCI ACWI Ex-US IMI	17.5%	17.5%	17.5%	17.5%	17.5%	2.5%
Global Fixed Income	Barclays Universal Index	4.0%	4.0%	4.0%	4.0%	4.0%	1.0%
Credit Fixed Income	Barclays US High Yield	24.0%	24.0%	24.0%	24.0%	24.0%	3.5%
Real Estate	NCREIF ODCE	5.0%	5.0%	5.0%	5.0%	5.0%	1.0%
Absolute Return	HFRI Diversified FOF	10.0%	10.0%	10.0%	10.0%	10.0%	1.5%
Real Return	Custom – Allocation Specific	10.0%	10.0%	10.0%	10.0%	10.0%	1.5%
Private Equity ST <5 Yrs	Actual Performance	10.0%	10.0%	10.0%	10.0%	10.0%	1.5%
Private Equity LT 5+ Yrs	Russell 3000 + 300 bps (lagged)						
Cash	Citi Grp 3-mos Treasury Bill	2.0%	2.0%	2.0%	2.0%	2.0%	1.0%

II. Total Fund Blended Benchmark Composite

Insurance Fund Composite		
US Equity	Russell 3000	17.5%
Non US Equity	MSCI ACWI Ex-US IMI	17.5%
Global Fixed Income	Barclays Universal Index	4.0%
Credit Fixed Income	Barclays U.S. High Yield	24.0%
Real Estate	NCREIF ODCE	5.0%
Absolute Return	HFRI Diversified FOF	10.0%
Real Return	Custom – Allocation Specific	10.0%
Private Equity <Short Term <5 Yrs>	Actual Performance	10.0%
Private Equity <Long term 5 Yrs+>	Russell 3000 (lagged 1 qtr) + 300 bps	
Cash	Citi Grp 3-mos Treasury Bill	2.0%

At the November 3, 2011 Investment Committee meeting Staff was authorized to combine Public and Private Equity targets and exposures to help manage portfolio risks caused by the unintended overweight to Private Equity, which is caused by the denominator effect over time.

Signatories

As Adopted by the Investment Committee

Date: July 12th, 2017

Signature:

David L. Harris

Chair, Investment Committee

As Adopted by the Board of Trustees

Date: July 12th, 2017

Signature:

John R. Farris

Chair, Board of Trustees